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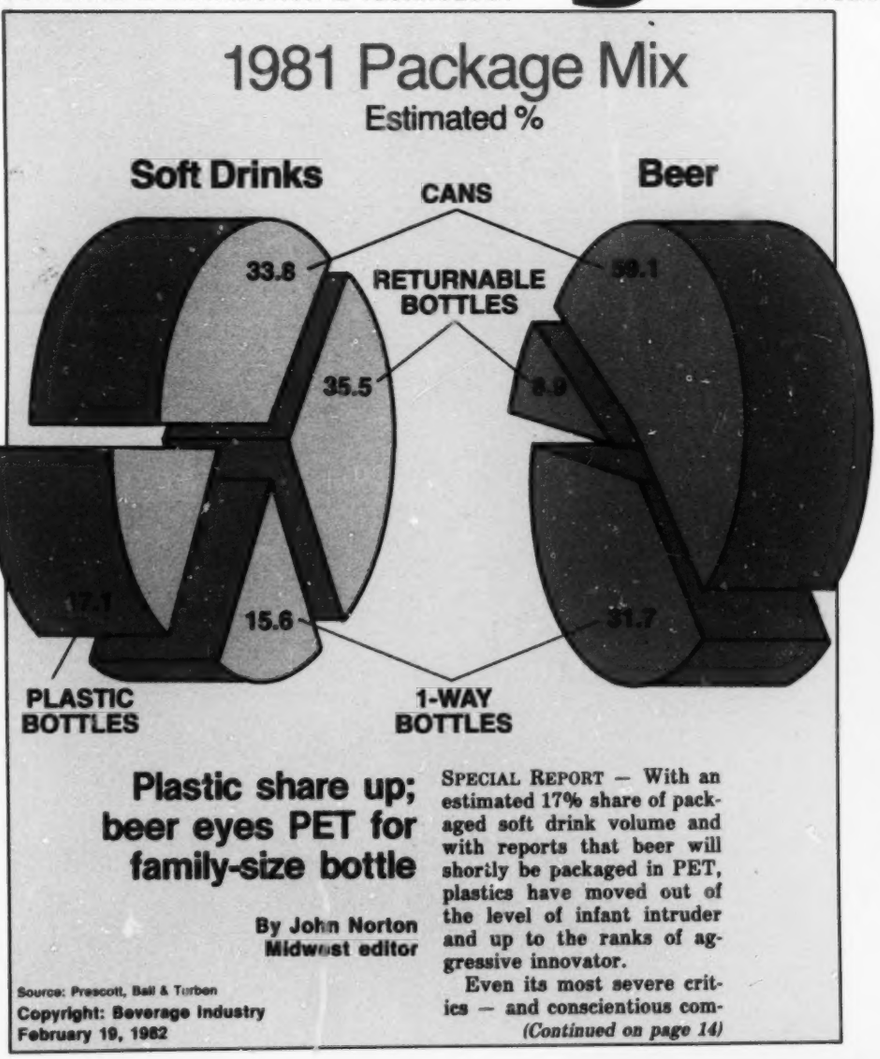
SOFT DRINKS ☐ POWDERS ☐ JUICES ☐ SPIRITS FEBRUARY 19, 1982

Beverage Industry

MARKETING ☐ DISTRIBUTION ☐ TECHNOLOGY PUBLISHED EVERY OTHER FRIDAY



Plastic share up; beer eyes PET for family-size bottle

By John Norton
Midwest editor

SPECIAL REPORT — With an estimated 17% share of packaged soft drink volume and with reports that beer will shortly be packaged in PET, plastics have moved out of the level of infant intruder and up to the ranks of aggressive innovator.

Even its most severe critics — and conscientious com-

(Continued on page 14)

Source: Prescott, Ball & Turben
Copyright: Beverage Industry
February 19, 1982

Major diversification

Coke buys Columbia in $900 million deal

By Paul E. Mullins
Editor

SPECIAL REPORT — The ink was barely dry on the preliminary papers when the reaction of Wall Street started. Duly reported in the business and popular press, none of the analysts had anything good to say about Coca-Cola's planned acquisition of Columbia Pictures.

To a man, they panned the deal as being too much of a drain on Coke's earnings.

Initially, bottler reaction was favorable. But as the bad notices continued to be churned out, even that changed.

Coke officials — who in recent months have been much more open about their plans and operations — could not do much to dispell the projections of the analysts. (Once the deal was announced, the firm is legally prohibited from making certain types of comments.)

At the root of the analysts' comments was the high price which Coke reportedly was paying for the firm. As the story developed and details of the Outlet acquisition also became available, the price began to escalate. One analyst told **Beverage Industry** that the price could even reach the $1 billion level.

In addition to their objec-

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BI Week

• PET for liquor getting closer as result of ATF announced plan to prepare an environmental assessment on impact of the containers. Although ATF refuses to divulge which distiller requested the clearance for PET, leading industry sources have told *BI* that Brown-Forman is the petitioner. Should approval be forthcoming, expect B-F to use PET for its low-priced white brands. (For a rundown of liquor sales in '81, see page 4.)

• Although Coke made the big news in acquisition, rumors are also circulating through Wall St. that Pepsi

(Continued on page 55)

A-B Miller report 8% '81 barrel gains

MILWAUKEE, ST. LOUIS — The nation's two largest breweries, Anheuser-Busch and Miller, have each announced sales increases in excess of 8% in 1981. Their combined barrelages, for the first time, account for more than half of total industry sales.

A-B sold 54.5 million barrels, 8.6% more than in 1980. The combined marketshare of all the firm's products accounts for 29.5% of total industry sales, a statement from the firm disclosed.

Miller's sales were up 8.1% in '81 and totaled 40.3 million barrels. According to the firm, Miller's brands now make up 22% of total sales.

Significantly, both firms are growing at a rate roughly

(Continued on page 32)

French firm acquires Hinckley & Schmitt

CHICAGO — Anjou International Co. (AIC), a wholly owned subsidiary of Compagnie Generale des Eaux (CGE) located in Paris, France, has acquired Hinckley & Schmitt Water Co., located here, in a cash transaction of between $12 million-$15 million.

AIC, with offices in Pittsburgh, PA, now owns, with the Hinckley & Schmitt acquisition, five companies in the U.S., with approximate sales of $160 million a year. Anjour's involvement is primarily in water treatment/systems, bottled water and energy services. The parent company, CGE, is a publicly owned French utility company supplying a range of municipal and industrial services in water and energy.

Hinckley & Schmitt reports that the acquisition by AIC will provide the funds to increase consumer awareness of its products and to continue to make improvements and discoveries in bottled water. The company also reports the acquisition will allow the purchasing of properties in Las Vegas, Arizona and Florida.

"We presently control

(Continued on page 20)

BI Package of the Week

Chocolate Soldier gets a facelift, page 7.

Contents

Columbia Pictures bought by Coke

In a move that shocked financial analysts, Coca-Cola purchased Columbia Pictures for $900 million. **Beverage Industry** examines the pros and cons of the planned acquisition and reports on bottlers' reactions to the move. See **page 1.**

Plastics still growing in '81

With the help of industry experts, **Beverage Industry's** midwest editor examines primary packaging for beer and soft drinks in 1981. With a reported 17% of the soft drink volume, plastics are rapidly grabbing their share of the market. For a further breakdown of 81's packaging mix, see **page 1.**

Liquor sales up by scant .4% in '81

According to John Maxwell, **BI's** director of research statistics, liquor experienced relatively flat growth in '81. Consumer movement away from alcoholic drinks, higher prices and lack of overall industry promos appear to be key factors. For charts and details, see **page 4.**

Paper Bottle comes to NY

Ocean Spray recently announced the introduction of its expanded Paper Bottle line of juices and drinks to the New York area. The marketing cooperative also announced that Red Cheek Apple Juice would soon be available in the Paper Bottle aseptic package. For a full report, see **page 24.**

Waterford Irish Cream goes nat'l

After extensive packaging research conducted by Oxtoby-Smith, Buckingham rolled out its latest import, Waterford Irish Cream Liqueur, in East Coast markets. The brand was met with startling success and Buckingham hopes the reception will be the same for its national debut, currently underway. For details, see **page 33.**

Pepsi shipments up 6% in '81

In remarks made at the recent Lehman Brothers Kuhn Loeb Beverage Seminar in New York, Pepsi Cola's president reported on the effects of Pepsi's marketing strategies. For details, see **page 35.**

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Packaging

(Continued from page 1)

petitors — are beginning to realize the once puerile industry is making quantum leaps in every packaging facet from bottles to closures.

According to *Beverage Industry* sources, the beverage industry in 1982 can expect to see:

- At least one and possibly two new plastic packages for beer. One will be for draft, modeled on the recently introduced PVC "pump" models being offered for a growing number of brands. *(See **Beverage Industry**, June 12, page 1.)* In development is a new colored, coated container which will reportedly be tested with a plastic closure.
- PVDC-coated .5 L containers for soft drinks will be introduced. Along with further lightweighting to reduce resin costs, the new container will also offer improved shelf life.
- Widescale tests of at least four plastic closures will take place during the year, one reportedly will involve a new unit with a mechanical pilferproofing ring.

These innovations are taking place in a competitive arena as hot as any ever conceived in packaging.

Armed with a new set of figures which show their packages are the most economical and profitable of the lot, the Can Manufacturers Institute has recently launched a major campaign to maintain market share.

Glass Packaging Institute has amassed staggering — and still growing — consumer test results which show a preference for soft drinks packaged in glass. Already used as the foundation for the group's controversal television campaign (see Beverage Industry, page one), GPI will continue to batter away at the emerging PET single service challenger.

Meanwhile individual glass bottle makers have put major emphasis on new prelabeled containers which have made it possible for glass to be even more price competitive.

In spite of this, Arthur Stupay, packaging analyst and general manager of the brokerage firm Prescott, Ball & Turben, predicts that by 1985 an estimated 21.1% of total soft drink volume will be in PET packaging. Considering the time frame plastics have worked in the industry this figure seems fantastic, yet Stupay calls his figure conservative.

Andy Wolf, project manager for the beverage bottle division of Hoover Universal, Inc., looks to the future with expected growth for plastics. "I see a continued erosion of both glass and cans by plastics. We expect to see the 2-L sustain healthy growth, slowing only slightly over the next few years. If the 2-L is going to grow faster than gallonage that means its going to take a share from 16 oz. and cans. From our perspective, the growth has been from 10-15%. It's rare to find a bottler who is not into plastics, at least the 2-L," said Wolf.

Hoover as yet has not started manufacturing of .5-L because of problems which plague this container. Obstacles such as shelf life, raw material prices and line speeds have kept the .5-L from becoming a viable contender in packaging. Stupay feels, that even with these

(Continued on page 16)

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Packaging

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hurdles to be conquered, .5-L in 1982 will grow at the expense of both non-returnable glass and returnables.

As is the case with most American businesses, when a problem is identified the solution begins to gleam on the horizon. The beverage industry is no different with respect to the .5-L container.

The Van Dorn Machinery Co. introduced a continuous intrusion blow unit, model CIB-24, utilizing a single stage process. The machine eliminates the extra step of cooling the preform to room temperature and reheating to blowing temperature. The company reports their unit will produce .5-L PET quickly and inexpensively.

Cincinnati Milacron Plastic Machinery Div. offers its solution to .5-L problems in the form of a reheat blow molding machine, the RHB-VII (see BI Aug 7, pg 14). The machine is able to produce .5-L bottles at a rate of 8,100 bph. Consisting of three lanes with nine blowing cavities, the unit is equipped with a Cincinnati Milacron PC-III programmable control with Error Status Indicator System.

Dick Fredricson, product manager of bottle machinery for Cincinnati Milacron, foresees the growth of .5-L in commenting, "The PET bottle manufacturers has undergone a softening of their market. Many see the .5-L as the first major thrust in a new application to enlarge their base of operations."

beer in plastic

Plastics have even begun to make subtle inroads to the glass dominated beer and wine industries. Fredricson said, "Restriction of PET into the beer and wine industries is due primarily to a barrier problem-permeation of oxygen into the container. There are some potential short range solutions to the problem in the form of a coating with PVDC. The long range answer will be PET resins with better barrier properties."

The most formidable challenger to plastics in primary beverage packaging is glass. Though a strong force in the industry, one beverage executive in commenting on glasses answer to plastics growth and innovation said, "Glass has been around for the last 5,000 years — how many times can you reinvent the wheel?"

Bob Kay, vp-sales for Glenshaw Glass, said, "The prelabeled 10 and 16 oz. package is where we've seen growth in the glass industry. This area seems to be where the excitement is at present." Kay noted many problems facing the glass industry such as markets with restrictive legislation not offering the buyer a choice.

Kay stated, "I have seen many who have lost their market share to plastics. With the engineers and technicians today plastic may break into the beer market down the road. I think the only thing that has kept us competitive is the tremendous strides the glass industry has made in cutting energy costs."

An executive with Glass Containers Corp. sees the ability to view his market as a glass — either half full or half empty. "I'm looking to the half full version. I feel a quality product with consumer preference will withstand any challenges, each day you see new product introductions that reinforce that all the time. I think all the other challenges and problems are well documented."

Doug Vanderhorst, market analyst for Brockway Glass, stated, "I can't picture a whole lot happening in glass right now, with plastic you have different resins. A part from Plasti-Shield, I can't foresee anything new with the ability to show market dominance. Cans are falling but they have programs that will keep them price competitive, this is especially true in the beer market."

Faced with the same challenges from plastics as glass, cans have kept a respectable market strength in the beverage field. Yet the pinch of competition has motivated many firms to explore markets for the aluminum can in products such as wine, iced tea, lemonade, water, single strength juices and other food products.

The Reynolds Metal Co. stated that the growth curve of the aluminum beverage can has been phenomenal.

(Continued on page 19)

Soft drink package mix

	Cans		1-way bottles		Ret. bottles		Plastic bottles		Total		% change from previous yr.
	vol.	% of market	vol.	% of market	vol.	% of market	vol.	% of market	vol.	% of market	
1979 actual	25.7	37.6	10.6	15.5	23.3	34.0	8.8	12.9	68.4	100.0	
1980 actual	25.7	36.1	10.7	15.0	23.6	33.3	11.1	15.6	71.1	100.0	3.9
1981 estimated	25.0	33.8	11.5	15.6	24.8	33.5	12.6	17.1	73.9	100.0	4.0
1982 projected	26.0	33.8	12.0	15.6	24.2	31.5	14.7	19.1	76.9	100.0	4.0
1983 projected	27.3	34.0	12.2	15.2	25.0	31.0	15.9	19.8	80.4	100.0	4.5
1984 projected	29.0	34.5	12.8	15.2	25.0	29.8	17.2	20.5	84.0	100.0	4.5
1985 projected	30.7	35.0	13.6	15.5	25.0	28.4	18.5	21.1	87.8	100.0	4.5

Copyright Beverage Industry and Adams Group

Beer package mix

	Cans		1-way bottles		Ret. bottles		Plastic bottles		Total	
	vol.	% of market	vol.	% of market	vol.	% of market	vol.	% of market	vol.	% of market
1979 actual	28.7	58.3	15.9	32.4	4.6	9.3	NA	—	49.2	100.0
1980 actual	29.5	58.5	16.4	32.5	4.5	9.0	NA	—	50.4	100.0
1981 estimated	30.7	59.4	16.4	31.7	4.6	8.9	NA	—	51.7	100.0
1982 projected	31.8	60.0	16.8	31.7	4.4	8.3	NA	—	53.0	100.0
1983 projected	32.9	60.2	17.3	31.7	4.4	8.1	NA	—	54.6	100.0
1984 projected	33.9	60.3	17.3	30.8	4.3	7.7	.7	1.2	56.2	100.0
1985 projected	35.0	60.4	17.2	29.8	4.3	7.4	1.4	2.4	58.0	100.0

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Plastic soft drink bottles

	1979		1980		1981		1982		1983		1984		1985	
	actual	equiv.	actual	equiv.	actual	equiv.	actual	equiv.	actual	equiv.	actual	equiv.	actual	equiv.
2-L	1.5	8.3	1.9	10.6	2.1	11.8	2.3	12.9	2.4	13.4	2.5	14.0	2.6	14.6
1-L	.2	.5	.2	.5	.3	.8	.4	1.1	.4	1.1	.4	1.1	.4	1.1
.5-L	-	-	-	-	-	-	.5	.7	1.0	1.4	1.5	2.1	2.0	2.8
Total		8.8		11.1		12.6		14.7		15.9		17.2		18.5

Copyright Beverage Industry and Adams Group

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Packaging

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With total beverage can market penetration at a reported 75%, the company says it is now looking at other areas for growth. The Can Division in 1980 introduced new liquid nitrogen injection technology to make the aluminum can a superior package for a wider variety of products.

Technology has afforded many can manufacturers the ability to keep price competitive. Changes in feedstock metal, bottom geometry and top design (multiple necking) have reduced the can's weight and enhanced its competitive position.

Reynolds views the future of can manufacturing in further technological advancements. A resealable end, case dispensers, .5-L can and further weight reductions are the goals now being worked on to keep cans a viable force in primary beverage packaging.

Plastics are finding a new market in the area of closures. Industry executives and new closure introductions are pointing to the potential boon plastics can offer in this market. Hank Waxman, manager of marketing communications-closure division for Alcoa Closure Systems, said, "I see a very large push towards plastic closures. The reason the suppliers are looking into plastic closures is the perceived customer preference. I feel plastic closures have a lot of potential but the question is developing one that is relatively easily applied and is safe." Waxman noted that there are a lot of potential introductions in closures, "the limits of innovation and creativity have not been reached as yet in the industry."

One new prethreaded, lined plastic closure has been introduced by Ethyl Molded Products (see BI Nov 6, pg 1). The closure is molded on Ethyl proprietary equipment from polypropylene. The liner is held in place by retentive characteristics of the plastic and is free spinning.

Though plastic closures may have many critics, keep in mind these are only the beginnings of an area uncharted by plastics.

aseptic packaging

To add to the already heated competition of primary packaging, another entrant has shown itself to be considered a viable contender-aseptic flexible packaging. The asceptic packaging process consists of the destruction of all bacteria in the product, the sterilization of the package and, after cooling, filling in a totally germ-free environment.

This nation has encountered this type of packaging from two international companies: Tetra Pak in Sweden, of which Brik Pak, Inc., of Dallas, TX, is a subsidiary; and PKL in West Germany represented by Blockpak, Inc. of Toronto, Canada.

Rita Simpson, manager of public relations for Brik Pak, felt that with time aseptic packaging could reach the popularity it enjoys in Europe and the Far East. "After our initial test markets are completed we hope to see steady growth but I think even we, over this past year, have seen a tremendous increase of interest and commitment. In November we had at least forty machines in the market. We forsee an increase as our customers continue to do better in the marketplace," said Simpson.

The Coca-Cola Co., Foods Division, has begun to test Hi-C in aseptic packaging. The 250 ml Brik Pak package is currently being tested in the Pittsburgh and Cleveland markets. Larry Glover, brand development manager for Coca-Cola Co., Foods Division, said, "We are continuing to read the tests at this time but initially our results have been very good." Glover sees success from asceptic packaging in terms of stacking, shelving, distribution and transportation. "Both the retailer and consumer will be able to take advantage of many aspects of asceptic packaging," said Glover.

Ocean Spray is expanding its Brik Pack flavors. (See page 24).

Boise Cascade's Composite Can Division has recently introduced an asceptic composite can system for the single-strength, ready-to-drink juice and fruit drink market. The company reports that the hot-air sterilizing system permits the use of a special composite container that yields better flavor with economical packaging cost. Boise Cascade has become the sole marketing representative for Dole hot-air asceptic canning systems used in the packaging process.

International Paper is also aggressively pushing its asceptic package and will open a production facility for juice drink customers this year. Also new is a Continental system and Liqui Pak unit for producing and filling these flexible containers.

Though plastics have made dynamic moves in the area of primary packages, new entries such as asceptic containers and the long-standing power of the glass and can manufacturers will prove there to be no easy road in achieving market dominance in beverage packaging.

Continental to collect PET bottles for recycling

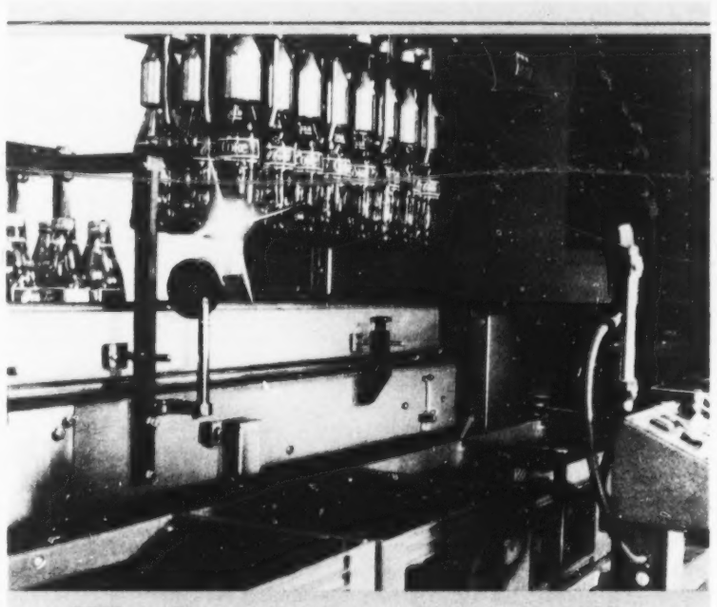
CHICAGO, IL — Continental Resource Recovery, a unit of Continental Group, announced that it will begin collecting used plastic beverage bottles through its network of 350 independent affiliated recycling centers in 28 states nationwide.

The bottles to be collected are standard PET soft drink bottles, which are manufactured by Continental and other companies.

Continental Resource Recovery (CRR) will purchase the bottles from its recycling centers, and then sell the crushed and baled bottles to plastic processors. The collected PET bottles can be recycled into products such as fiber fill, industrial strapping and unsaturated polyester used in the production of fiberglass.

"We believe this is a necessary and appropriate addition to our resource and conservation activities," said David Smith, general manager of CRR. Smith added that CRR has been collecting aluminum cans through these centers for 2½ years. "With the success of the 1- and 2-L PET bottles, and the present expansion of Continental Group and others in the industry into .5-L PET containers," Smith continued, "we want to accelerate and encourage the recovery of this reusable resource through our recycling network."

• For more information on **Continental Resource Recovery,** circle no. 535 on reader service card.



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Liquor industry growth nearly flat for 1981

EXCLUSIVE — Consumer movement away from alcoholic drinks, higher prices in a poor economy and lack of overall industry promotions of its brands has led to another year of relatively flat growth in the liquor industry.

Year end figures will show an increase of .4%, according to John C. Maxwell, BI's director of market research and statistics. The only real growth during the year was in white goods and the brandy-liqueur-cordial group with nonwhiskey volume up some 3%. The whiskey area was off almost 2.5%. (U.S. bottled Canadian was the exception here, up 2.5%.)

Vodka — the single largest category in the white goods area — had some growth problems. '81 estimated volume of 31.8 million cases, was up 2.1%. Rum, one of the fastest growers in recent years, showed a comeback from its '80 decline of 3.2% and had total volume of 12.5 million cases, up 10.3%.

According to Maxwell, the slower growth rate of vodka indicates that some consumers are turning away from this alcoholic beverage to white wines, the fastest growing segment in the wine industry.

Tequila, although a small portion of the nonwhiskey market, with 2.9 million cases was up 7.8%. Prepared cocktails continued to decline, down 7.5% to 3.6 million cases.

Brandy sales continued to set healthy growth rates and contradict the perceived move to lighter drinks. Sales of 7.1 million cases were up 6.8% in '81. Liqueurs and cordials are selling at a 14

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Apparent consumption of distilled spirits by class and type

(Million mixed cases)

	1979	1980	Change	1981E	Change
Bond	1.06	1.01	(4.7)%	0.90	(10.9)%
Straight	22.63	22.18	(2.0)	21.60	(2.6)
Total bourbon	23.69	23.19	(2.1)	22.50	(3.0)
Blended	15.58	14.79	(5.1)	13.80	(6.7)
100% Light	0.22	0.23	4.5	0.20	(13.0)
Total domestic whiskey	39.48	38.21	(3.2)	36.50	(4.5)
U.S.-Bottled Canadian	11.80	12.40	5.1	12.70	2.4
Foreign-Bottled Canadian	8.32	8.73	4.9	8.70	(0.3)
Total Canadian	20.12	21.13	5.0	21.40	1.3
U.S.-Bottled scotch	7.76	7.88	1.5	7.80	(1.0)
Foreign-Bottled scotch	14.70	13.22	(10.1)	12.70	(3.9)
Total scotch	22.46	21.10	(6.1)	20.50	(2.8)
Irish	0.29	0.27	(6.9)	0.28	3.7
Total imported whiskey	42.91	42.50	(1.0)	42.18	(0.8)
Total all whiskey	82.39	80.71	(2.0)	78.68	(2.5)
Gin	15.44	15.51	0.5	15.60	0.6
Vodka	30.21	31.15	3.1	31.80	2.1
Rum	11.71	11.33	(3.2)	12.50	10.3
Brandy	6.54	6.65	1.7	7.10	6.8
Liqueurs/cordials	13.02	13.54	4.0	14.00	3.4
Tequila	2.48	2.69	8.5	2.90	7.8
Prepared cocktails	4.13	3.89	(5.8)	3.60	(7.5)
Total nonwhiskey	83.64	84.76	1.3	87.50	3.2
Grand total distilled spirits	166.03	165.47	(0.3)%	166.18	0.4%

Source: Lehman Brothers Kuhn Loeb Research

Copyright: John Maxwell Beverage Industry February 19, 1982

IP develops H2O resistant corrugated case

NEW YORK — For soft drink bottlers currently receiving 2-L PET in bulk and for bottle manufacturers, a new one-piece case can help reduce down-time, improve stacking and increase handling efficiency.

Offered by International Paper, headquartered here, the case is called the UniCell. It's constructed of moisture resistant corrugated that is combined with a special nonwicking linerboard and medium with wet-strength adhesive.

Developed specifically for the beverage industry it has strong sidewall integrity and 2600 lb. top-to-bottom compression strength.

Because inserts or h-dividers are not required downtime can be reduced considerably. "These dividers account for more than 50% of downtime from jams in packaging machinery, IP's J. Zawacke, manager of market development told BI recently.

IP's moisture resistance corrugated case for 2-L PETs.

UniCell cases can be erected on IP Caseform 151 equipment at speeds as high as 50 cases per minute. Containers to hold either six or eight bottles are available.

Because the containers have the ability to shed (rather than absorb) bottlers could save additional amounts by reducing temperatures in warmers.

(Continued on page 7)

Matt Brewery expands 'Beerball' distribution

UTICA, NY — F. X. Matt Brewing Co., located here, says it is testing a new market, northern Ohio, for its draft beer-dispensing "Beerball" container. The company says it has sold half-a-million Beerballs in the northeastern United States since the introduction of the container in 1977.

The Beerball is similar to Pittsburg Brewing Co's. "The Pumper" and Olympia Brewing Co.'s "Kegger 82." Other brewers are also involved. All the containers are no-deposit high-density polyethylene draft beer containers, packaged in a paperboard carton.

Matt's Beerball, which holds 2.25 cases, sells for around $17 retail. The pump, made by Johnson Enterprises, Rockford, IL, is sold "basically at cost" for under $8, according to Bob Kelly, F. X. Matt Brewing Co. sales manager.

Matt's distribution of its Beerball began in central New York State; distribution has since spread to all of that state (excluding New York City), Vermont, Massachusetts, Connecticut, New Hampshire, New Jersey and Pennsylvania.

Eastern Molding Industries (EMI), Batavia, NY, makes the HDPE Beerball. The carton, in which ice can be kept around the ball for 48 hours, is produced by Mohawk Container, Utica, NY.

Kelly said his company experimented with distribution

(Continued on page 6)

Trubor Mfg. merges with Van Dorn

CLEVELAND, OH — Van Dorn Co., based here, a leading manufacturer of plastic injection molding machines, recently announced that Trubor Mfg. Co., West Bolyston, MA, has merged with Van Dorn and is now known as Trubor Co., a division of Van Dorn.

Lawrence C. Jones, Van Dorn chairman and president, said the injection molding machines made by Trubor, with capacities from 20 to 125 tons of hydraulic clamping force, complement the Van Dorn line, which includes machines with clamping pressures from 75 to 1,000 tons. The merger with Trubor broadens Van Dorn's participation in the plastic injection molding machinery market.

Trubor, which makes hydraulic clamp type plastic injection molding machines, was founded in 1958 by its president and principal owner, George J. Degon. The firm recently moved into a new 35,000-sq. ft. facility in July, after outgrowing plants in Worchester, MA. Samuel H. Smith, Jr., president of Van Dorn, noted, "George

(Continued on page 20)

Coke/Columbia

(Continued from page 1)

tions about the price, many of the analysts gave opinions that the two firms are not compatible.

On Wall Street, Coca-Cola is perceived as a conservative company, tightly controlled and predictable. The surprise acquisition into such a speculative field, they felt, was not in character.

One bottler (who incidently objected to the acquisition for specific reasons, see below) chuckled over the comments reported in a nationally-circulated business newspaper.

"Those guys don't know Ike Herbert, Sam Ayoub and Don Keough like I do," he said.

a gambler?

Despite its conservative Wall Street image, Coca-Cola has often taken risks. The firm has franchises in countries where double-digit inflation is a daily occurrence and where the political climate changes just about as frequently. Indeed, the "barter system" it operates with most of the Soviet Bloc countries can be a very risky business.

One analyst from the entertainment field wonders about how Coke's management would deal with the entreprenural types who produce films. His lack of knowledge may be understandable, but the soft drink business was built by just such executives. Coke has a background of working with these kinds of people second to none.

If the numbers are what the analysts say they are, the purchase price will truly play havoc with shareholder earnings in the short term. (Keep in mind that accounting procedures for the motion picture business are different. Columbia may have contracts and future income which have not been reflected in current fiscal reports.)

However, the analysts views should be tempered somewhat by Coke's past track record. For example the company will probably not receive a return on its considerable investment in China for 10 or 20 years.

As for Coke's lack of management experience in running a motion picture firm, that, too, can be debunked. One of the major growth areas of today and for the future is the home entertainment field (Columbia currently has three out of the top four best-selling video cassettes for home viewing).

Coca-Cola has amassed a data bank of demographic information on leisure activities and at-home entertainment over the years. This information should be very valuable as Columbia continues to develop its home video business.

Bottler reaction to the acquisition varied and changed as the story broke. One longtime friend — when informed that this writer was on the phone — answered by singing "Hooray for Hollywood."

Enthusiastic about the deal, he felt that the diversification would take a lot of the pressure off the soft drink business. "If Columbia continues to be as successful as I hear it is, the acquisition should contribute greatly to the corporate coffers."

A midwest bottler was slightly pleased. "As long as they don't neglect the mother lode, I'm not going to get too upset."

As the "escalating price" stories got out, however, the tune began to get a little less sympathetic.

Some random comments:

"At least we know now where our concentrate price increase is going."

I sold my stock in the parent company when they changed the contract. Now I'm glad I did."

If they think the bottlers are going to stand by and watch our marketing funds funneled into the movie business, they'd better think again."

And from a southern contact: "I've been in the Coca-Cola business all my life and I guess we go with them whether they're right or wrong ... I just hope ol' Roberto knows what he's doing on this one."

H&S

(Continued from page 1)

about 75% of the Midwest bottled water market, with our three bottling plants and numerous distribution centers," said George Schmitt, president. "The sale will enable H&S to expand into new markets and to diversify further into new water related products and services."

Schmitt stated that there will be no major changes in marketing, management, advertising or services." Hinckley & Schmitt will continue with the philosophy started by my grandfather, that bottled water tastes better, and it is our goal to let our customers know we offer a better tasting alternative to tap water," concluded Schmitt.

Schmitt will continue to head the operation and the name will remain the same. The company will continue to sell pure drinking water, nursery and distilled water, in addition to natural spring water.

Liquor sales

(Continued from page 4)

million case clip and were up 3.4%.

top 10 brands

Three of the top five brands had volume declines, but retained their position in sales. However only about 550,000 cases separate number five, Jim Beam, from fast-growing Jack Daniels.

Jack Daniels, a product of Brown-Forman, has bucked the trend in brown goods. 1981 sales of 3.1 million cases is a 24% increase by far the largest of any major brand. In 1972, the product had sales of only 700,000 cases.

Popov, Heublein's popular priced vodka, had a sales decline of 10.4% and dropped from number seven spot to number five. Canadian Mist, another Brown-Forman product, had a 6.6% sales hike to 2,581,000 cases and moved from number 13 to number 10.

Gordon's gin dropped from 2% and ended up in spot number 12 down from nine in 1980.

Bacardi rum is the number one product and with a 3.1% increase to 6.5 million cases increased its lead over Smirnoff vodka, number two.

(Continued on page 22)

Apparent consumption of distilled spirits

(Millions of wine gallons)

	1977	1978	Change	1979	Change	1980	Change	1981	Change
January	29.06	30.52	5.0%	32.03	4.9%	34.12	1.4%	32.84	(0.8)%
February	28.21	30.07	6.6	30.37	1.0	32.03	5.4R	30.88	(3.6)
March	36.61	38.16	4.2	37.43	(1.9)	34.58	(7.6)	35.67	3.2
April	33.27	33.79	1.6	34.46	2.0	35.43	2.8	37.03	4.5
May	32.59	34.19	4.9	35.50	3.8	34.60	(2.5)	34.42	(0.5)
June	38.44	38.59	0.4	36.96	(4.2)	37.28	0.9	37.72	1.2
July	31.00	31.89	2.9	32.43	1.7	36.35	12.1	35.91	(1.2)
August	33.16	35.67	7.6	36.04	1.0	34.00R	(6.7)R	33.36	(1.9)
September	34.21	34.06	(0.4)	33.56	(1.8)	34.68	3.4		
October	34.87	37.45	7.4	38.55	2.9	36.24	(0.8)		
November	43.63	44.20	1.3	44.25	0.1	42.53	(3.9)		
December	54.29	52.70	(2.9)	53.75	2.0	54.40	0.5		
Total*	431.55	443.75	2.8%	447.52	0.8%	449.94R	0.5%R		

12-Month Moving Total*

	1976-77	1977-78	Change	1978-79	Change	1979-80	Change	1980-81	Change
January	422.74	430.80	1.9%	442.80	2.8%	446.41	0.8%	446.95R	0.1%
February	422.85	432.86	2.3	443.10	2.4	448.06	1.1	445.80R	(0.5)R
March	423.78	434.21	2.5	442.37	1.9	445.21	0.6	446.69R	0.4R
April	424.03	434.73	2.5	443.04	1.9	446.16	0.7	448.49R	0.5R
May	423.90	436.33	2.9	444.35	1.8	445.28	0.2	448.31R	0.7R
June	425.89	436.46	2.5	442.72	1.4	446.60	0.7	448.75R	0.7R
July	423.84	437.37	3.2	443.26	1.3	449.52	1.4	445.31R	(0.3)R
August	425.20	439.80	3.5	443.53	0.8	447.48R	0.9R	447.67	—
September	426.16	439.73	3.2	443.12	0.8	449.61R	1.2R		
October	426.58	442.31	3.7	444.22	0.4	448.30R	0.9R		
November	428.48	442.85	3.4	444.27	0.3	448.58R	0.9R		
December	429.36	443.75	3.3%	447.52	0.9%	449.94R	0.5%R		

Breakdown by months not available for Hawaii, but is included in the total.
Annual data is: 1973 — 3.87
1974 — 2.66
1975 — 2.19
1976 — 2.45
1977 — 2.74
1978 — 2.77
1979 — 2.77
1980 — 2.72
1981 — 2.72
Excludes Hawaii
R = Revised
Source: Distilled Spirits Council of the United States, Inc.

Copyright: John Maxwell, Beverage Industry, Advertising Age

BMRG reviews wine, beer, and spirits market

ARLINGTON, VA — Beverage Management Resource Group (BMRG) has just completed a report entitled "A Strategic Review and Forecast of the American Wine, Beer and Spirits Markets 1975-1985." BMRG is a beverage industry focused professional research firm serving North American and European beverage producers, distributors and importers, and trade organizations.

The organization predicts that wine shipments will be the most vigorous through 1985. During 1981 they expect wine consumption to reach 489 million gallons, and exceed 600 million gallons by 1985. Annual gains in wine production are projected to average 5.6% through 85'.

The report makes several predictions for trends in the wine industry. Table wines will continue to grow, but at a slower rate, the study says, while sparkling wines will be a large growth category. The report expects imported wines to continue to perform better than California wines because of the better price/value relationship. The current strengths of the U.S. dollar will also help importers, and could harm the efforts of California wine exporters. Also, dessert wines, BMRG feels, are ready for a turnaround.

In the beer market BMRG expects consumption to be weaker, increasing an average of only 2.5% through 1985, beginning with a tentative 1.7% gain during 1981.

The beer forecast anticipates both domestic and imports to decelerate, and accounts for it in several ways. Fewer people entering into beer's prime consumer age target of 18-25 years old, light beer winning back some of the 25-35 year old segment, and the further growth of tables wines and bottled waters as refreshment alternatives will combine to chop at least a full percentage point off growth for domestic products, they feel.

The only disappointing category is expected to be spirits, which will experience zero growth, at best, during 1981. Just to break even, second half figures will have to be better than those of the first half. The average annual volume gain for the period through 1985 is expected to be 1.1%.

Several other predictions were also made by BMRG. Foreseen is the success of beer in boxes with plastic liners, as well as plastic beer bottles. The resurgence of draft beer is expected to continue, partly because of the "boxed beer" package. It may also be helped along by the possibility that several fast-food chains will introduce on-premise beer in large markets before 1985.

Trubor

(Continued from page 4)

Degon has been involved in the manufacture of injection molding machinery for more than 35 years and enjoys an excellent reputation in the industry. We are pleased that he continues as president of Trubor. No changes in Trubor's present staff are contemplated."

Van Dorn had sales of $144 million and a net income of $4.8 million, or $1.66 per share for the nine months ended September 30, '81.

The firm is a major producer of cans and containers for the paint, chemical, food, beverage, and household products industries. Headquartered here, Van Dorn is in its 109th year.

Liquor sales

(Continued from page 20)

Seagram's 7 Crown, down 2.6% is number three. Canadian Club had the sharpest decline (3.9%) of any product in the top five, but retained it's number four position.

Other significant shifts in products with sales of over 1 million cases were: Kahlua, Walker's coffee flavored liqueur, tied with Kamchatka in the number 25 spot in 1980, moved to 18 with a 3.9% gain. Kamchatka — although it had no increase in '81 — moved into position number 20.

Heublein's Black Velvet, up slightly over 2%, also made significant movement, going from 25 to 19.

Among new products and recent introductions, the following changes are significant: Stolichnaya, Pepsi's Russian vodka import moved from 310,000 cases to 450,000; Silhouette, Fleischmann's new vodka seems to be off to a good start, moving from an estimated 200,000 cases in '80 to 300,000 in '81; Beam 8 Star Blend, in its first year of marketing, had sales of 95,000 cases; in '81, its second year, it sold 245,000 cases. E&J Gallo's first years of marketing E&J brandy is also obviously a success. The product had '81 sales of 200,000 cases.

Bailey's Irish Cream Liqueur seems to be an unqualified success. 1981 sales of 625,000 cases is roughly 2.5 times its '80 sales of 250,000 cases.

Also in the import area, Brown-Forman's Martell cognac continues to grow at a healthy pace. The product moved from 108,000 cases to 139,000 in '81.

Among distillers, Maxwell points out that Brown-Forman is unique. It's Jack Daniels is rapidly gaining in the bourbon area and is only some 550,000 cases under the leader, Jim Beam. From '79 to '80, Jack Daniels increased sales by 478,000 cases; from '80 to '81 the sales gain was 514,000 cases. Beam has also been growing, but at a slower rate.

James Beam is also in a unique position. None of the firm's products lost sales in 1981.

Maxwell feels the lack of promotional pricing will continue to plague industry growth. "Increasingly, companies tell us that they are using their liquor divisions as 'cash cows' since they consider the industry somewhat mature. They feel that its cash flow could probably be used better elsewhere," he comments.

Therefore, he predicts, the industry will continue to prune brands, may lower or cease advertising on brands that show little or no long-term promise, and will be aggressive on pricing.

On the "good news front," Maxwell predicts that federal excise taxes will not be increased in the next 12 months. Liquor is already the most overtaxed product in the United States with federal taxes amounting to $10.50 per gallon. However, he warns, states may move to increase taxes soon.

Domestic volume comparisons of brands selling over 1 million cases

Rank 1980	Rank 1981	Brand	Company	3-Gallon Cases (000) 1980	1981E	Change
1	1	Bacardi	Bacardi	6,319	6,515	3.1%
2	2	Smirnoff	Heublein	5,873	5,810	(1.1)
3	3	7 Crown	Seagram	5,080	4,950	(2.6)
4	4	Canadian Club	Walker (GWL)	3,850	3,700	(3.9)
5	5	Jim Beam	James Beam (AB)	3,500	3,680	5.1
10	6	Jack Daniel's	Brown-Forman	2,519	3,123	24.0
6	7	V.O.	Seagram	3,065	3,000	(2.1)
8	8	Windsor Supreme	National	2,785	2,785	—
7	9	Popov	Heublein	3,002	2,691	(10.4)
13	10	Canadian Mist	Brown-Forman	2,421	2,581	6.6
11	11	Seagram's Gin	Seagram	2,520	2,550	1.2
9	12	Gordon's Gin	Gordon/Renfield	2,550	2,500	(2.0)
12	13	J&B Rare	Paddington (PC)	2,500	2,350	(6.0)
14	14	Dewar's	Schenley (RA)	2,115	2,200	4.0
16	15	Gilbey's Gin	National	2,145	2,145	—
15	16	Cutty Sark	Buckingham	1,850	1,700	(8.1)
18	17	Gordon's Vodka	Gordon/Renfield	1,670	1,690	1.2
25	18	Kahlua	Walker (GWL)	1,500	1,640	3.9
26	19	Black Velvet	Heublein	1,594	1,628	2.1
22	20	Gilbey's Vodka	National	1,535	1,600	4.2
25	20	Kamchatka	National	1,600	1,600	—
19	21	Johnnie Walker Red	Somerset (NS)	1,620	1,570	(3.1)
17	22	Ancient Age	Schenley (RA)	1,750	1,550	(8.9)
23	23	Christian Brothers	Fromm & Sichel	1,525	1,525	—
24	24	Beefeater	Kobrand	1,510	1,510	—
21	25	Ten High	Walker (GWL)	1,550	1,500	(3.2)
20	26	Early Times	Brown-Forman	1,546	1,477	(4.5)
27	27	Kessler	Calvert (S)	1,400	1,400	—
28	28	Walker Brandy	Walker (GWL)	1,300	1,350	3.8
31	29	Tanqueray	Somerset (NS)	1,070	1,100	2.8
29	29	Calvert Extra	Calvert (S)	1,160	1,100	(5.2)
33	30	Old Crow	National	970	1,020	5.2
32	31	Southern Comfort	Brown-Forman	1,047	1,017	(2.9)
30	32	Imperial	Walker (GWL)	1,100	1,000	(9.1)
34	33	Wolfschmidt	Seagram	955	1,000	4.7

Key to parent corporations:
(AB) American Brands
(G) Glenmore
(GWL) Gooderham & Worts Ltd.
(NS) Norton Simon
(PC) Paddington/Carillon
(RA) Rapid-American
(S) Seagram
(NB) Nabisco Brands

Source: Lehman Brothers Kuhn Loab Research

Copyright: John Maxwell, Beverage Industry, Advertising Age February 19, 1982

Beverage Business Indicators

Glass container shipments

(thousands of gross)
(not seasonally adjusted)

	Sept. '81	October '81	% change
Bottles	26,660	25,970	(2.6)
Beverage: refillable	219	248	13.2
nonrefillable	4,590	4,248	(7.5)
under 10 oz	98	84	(14.3)
10.0 to 15.9 oz	1,505	1,417	(5.8)
16.0 to 16.9 oz (includes .5-L)	2,666	2,404	(9.8)
17.0 to 33.9 oz (includes 1-L)	321	343	6.9
34.0 oz and over (includes 2-L)	—	—	—
Beer: refillable	75	98	30.7
nonrefillable	8,658	8,389	(3.1)
under 11 oz	1,672	1,442	(13.8)
11.0 to 15.9 oz	6,432	6,485	.8
16.0 and over	554	462	(16.6)
Liquor:	1,257	1,369	8.9
Under 125 ml (4.23 oz and under)	120	78	(35.0)
126 to 275 ml (4.24 to 9.3 oz)	266	292	9.8
276 to 500 ml (9.31 to 16.9 oz)	152	207	36.2
501 to 800 ml (16.91 to 27.04	324	347	7.1
801 to 1000 ml (27.05 to 33.80 oz)	239	269	12.6
1001 ml and over	156	176	12.8
Wine:	680	775	14.0
126 to 500 ml (4.24 to 16.9 oz)	127	120	(5.5)
501 to 800 ml (16.91 to 27.04 oz)	296	338	14.2
801 to 1000 ml (27.05 to 33.8 oz)	210	249	18.6
1001 to 1600 ml (33.81 to 54.08 oz)	—	—	—
Over 1600 ml (over 54.08 oz)	47	48	2.1

Source: U.S. Dept. of Commerce
Bureau of the Census

Closures for beverages

	Sept. '81	October '81	% change
Metal (for spirits, wines)	81,621	49,512	(39.3)
Plastic (for spirits, wines)	135,196	110,971	(17.9)
Metal crowns (beer and soft drinks)	20,977	20,832	(.7)
Soft drink (convenience types)	1,784	2,064	15.7
Soft drink (conventional types)	7,261	6,952	(4.3)
Beer (convenience types)	9,577	9,343	(2.4)
Beer (conventional types)	2,355	2,473	5.0
All other metal closures other than crowns	6,462	5,870	(9.2)

Source: U.S. Dept. of Commerce
Bureau of the Census

Imported beverages

(Proof gals)

	October '81	November '81	% change
Beer*	14,700,868	11,808,968	(19.7)
Whiskey	10,002,886	9,300,856	(7.0)
Brandy	607,517	516,077	(15.1)
Gin	699,262	535,948	
Rum	106,297	73,918	(30.5)
Cordials and liqueurs	868,066	836,534	(3.6)
Others	1,015,590	1,026,288	1.1
Total	**28,000,486**	**24,098,589**	**(13.9)**
Sparkling wines	132,791	1,698,528	1179.1
Still wines, table	9,407,438	10,110,875	7.5
Still wines, fortified	337,112	403,854	19.8
Vermouth	209,995	297,722	41.8

*Includes ale, stout, porter
Source: National Association of Beverage Importers, Inc.

Selected Consumer Price index

(The year 1967 equals 100)

	Sept. '81	October '81	% change
Cola	295.6	297.7	.7
Other carbonated soft drinks	140.3	139.6	(.5)
Noncarbonated drinks	134.6	135.5	.7
Wine	203.5	238.1	17.0
Beer and ale	237.6	203.1	(14.5)

Sweetener data

(Cents per pound, dry basis)

	Sept. '81	October '81	% change
HFCS wholesale prices			
California	20.21	20.21	0
New York	19.72	19.72	0
Chicago-West	19.72	19.72	0
Beet sugar wholesale prices	24.76	25.41	2.6
Dextrose wholesale prices			
California	28.64	28.64	0
New York	27.17	27.17	0
Chicago-West	27.17	27.17	0

Source: U.S. Dept. of Agriculture

Domestic beer removals

(Barrels of 31 gals)

	Sept. '81	October '81	% change
Bottles and cans	12,710,387	12,047,325	(5.2)
Barrels and kegs	1,970,445	1,797,036	(8.8)
For export	199,714	224,901	12.6
Other	19,101	14,512	(24.0)
Total	**14,899,647**	**14,608,925**	**(2.0)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic wine removals

(Wine gals)

	July '81	August '81	% change
Still wines (bulk)	152,283	223,930	47.0
Still wines (bottled)	29,362,104	26,432,232	(10.0)
Effervescent wines (bulk & bottled)	1,677,034	2,265,008	35.1
Total	**31,191,421**	**28,921,170**	**(7.3)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Domestic spirits removals

(Wine gals)

	June '81	July '81	% change
Whiskey	14,551,633	12,810,574	(12.0)
Brandy	1,311,238	1,239,173	(5.5)
Rum	1,580,183	1,698,631	7.5
Gin	3,702,840	3,281,320	(11.4)
Vodka	8,932,890	8,426,356	(5.7)
Cordials and liqueurs	2,830,797	2,530,209	(10.6)
Cocktails and mixed drinks	775,337	733,591	(5.4)
Total	**33,684,918**	**30,719,854**	**(8.8)**

Source: U.S. Dept. of the Treasury
Bureau of Alcohol, Tobacco and Firearms

Blow-molded plastic bottle production

(thousands of units)

	August '81	Sept. '81	% change
Plastic bottles (blow-molded)	1,254,117	1,257,480	.3
Carbonated beverages*	208,528	172,213	(17.4)

*plans are being made to sub-divide this category into .5-, 1- and 2-L sizes

Source: U.S. Department of Commerce
Bureau of the Census

Copyright: Beverage Industry
February 19, 1982